FBIS DAILY REPORT

CONTENTS

Latin America

Vol VI No 209 *29 October 1981*

ARGENTINA

Viola Denies Conflict With Military Junta B 1
Economy Minister Sigaut Denies Resignation B 2
Bishops Seek Return of Country to 'State of Law' B 2
[HERALD 26 Oct]
Officer Criticizes Country; No Punishment Planned B 3
New Corporation To Run Nuclear Fuel Factory B 3

BOLIVIA

President Rejects Request for Civilian Take Over C 1
Relations With Venezuela To Be Resumed Soon C 1
Soviet Ambassador Praises Bolivian Position C 2
Government Antidrug Proposal Supported by France C 2

BRAZIL

Saraiva Guerreiro Discusses Foreign Policy D 1
[CLARIN 25 Oct]
Columnist Views Rejection of Subgroups Bill D 4
[JORNAL DO BRASIL 24 Oct]
PRC Vice Minister Comes To Study Brazilian Market D 5
[FOLHA DE SAO PAULO 27 Oct]
USSR Wants Prefabricated Concrete Structures D 5
[O ESTADO DE SAO PAULO 27 Oct]

CHILE

Guatemalan Foreign Minister Arrives for Visit E 1
Government Satisfied Over Lifting of Arms Ban E 1
Peruvian Ship Released After Several Hours E 2
Envoy in Argentina Comments on Beagle Treaty E 2
Early Solution Hoped For E 3
Pinochet Reiterates Support for Finance Minister E 3
Nuclear Commission Chairman Discusses Program E 3

COLOMBIA

Reportage on Subversives, Hijacked Arms Plane F 1
Army Report F 1
Pastora Accused of Hijacking F 1
Panama Investigates Charges [Panama City] F 2
Panamanian Envoy Denies Charges [Panama City] F 2
M-19 Claims Hijacking F 3
Army Pursues Hijackers F 3
Navy, M-19 Clash F 4
EPL, FARC Invade 2 Towns F 4
FARC Attacks Town, Kills 9 F 4

MEXICO

PRC Premier Continues Visit in Country M 1
PRC Premier With PCI Candidate M 1
Lopez Portillo Dinner Speech M 1
Zhao Ziyang Dinner Speech M 1
UK's Thatcher Signs Agreement, Departs M 2
Diaz Serrano Hails Relations With USSR M 2

CENTRAL AMERICA

BELIZE

Prime Minister To Hold Foreign Ministry Post P 1

COSTA RICA

Honduran Defense Secretary Arrives on Visit P 1

EL SALVADOR

Iran Recognizes FMLN, FDR as Political Forces P 1
[Radio Venceremos]
COPREFA Says Media Publishes 'Terrorist Lies' P 1
[LA PRENSA GRAFICA 27 Oct]
Reportage on Government Forces Operations P 2
Major Operation Launched P 2
[EL MUNDO 27 Oct]
Lempa Bridges Area Fortified P 3
[EL DIARIO DE HOY 28 Oct]
Radio Venceremos Reports FMLN Activities P 3
Major Battles Reported P 3
Attacks on Government Troops P 4
280 Army Casualities in October [Havana] P 5
PCN Requests Authorization as Political Party P 5
[LA PRENSA GRAFICA 23 Oct]
New Party Questions Conditions for Elections P 5
[EL DIARIO DE HOY 26 Oct]
Productive Alliance Seeks Open Government P 7
[EL DIARIO DE HOY 27 Oct]

GUATEMALA

Nine Guerrillas Killed in Army Operation P 8

NICARAGUA

Foreign Ministry Rejects Honduran Protest P 8
Sergio Ramirez Comments on Meeting With COSEP P 9
Central Bank, CORFIN Heads Analyze Economy P 10

VIOLA DENIES CONFLICT WITH MILITARY JUNTA

PY271818 Buenos Aires TELAM in Spanish 0150 GMT 24 Oct 81

[Excerpts] Salta, 23 Oct (TELAM) -- President Lt Gen Roberto Eduardo Viola has categorically denied that antipathies exist between him and the military junta. Relations, he asserted, are rigorously and extremely cordial, adding that during the week he had personally talked with the three commanders in chief, but that he had not done so to discuss problems, but to unite efforts.

The president repeated that the subject of the presidential succession lies with the military junta; and in this regard he added that no matter what decision is adopted, it will be fully in line with the democratization process that has been started, not by my government, but by the armed forces. He added that the process leading to that democracy, as for its modern, strong and stable aspects, has no type of authoritarian or totalitarian characteristics.

The government of the armed forces, the president continued, began on 24 March 1976 to open up the path toward democracy and from that time on, slowly, step by step and day by day, it has been producing events that are leading us toward an overall state of law.

Viola clarified in his remarks, which were made during the course of a press conference given at Government House, that this overall state of law will be achieved at the opportune time; at the time when conditions are exactly right, he said, we will again return to that authentic democracy that will free us of the instability that has characterized Argentine political life during the past 50 years. That is the objective, he stressed, all efforts are behind the implementation of that democracy.

Viola then answered a question about alleged antipathies between the military junta and the president and he said: I believe that there is an error in the information or that there is a distorted image. There are no antipathies between the executive branch and the military junta. On the contrary, relations are rigorously and extremely cordial.

You have observed, he said, that during the week I have personally talked with each of the commanders; and it was not to try and resolve problems, but to precisely join efforts in order to walk a common path. There are no antipathies, he added, nor confrontations of any type. Answering a question, he then referred to the power framework [words indistinct] several opportunities during the process of national reorganization, because even before it was started, work was being carried out on the power framework, which I believe is producing undoubtable benefits. It at least permits a permanent rotation at the highest levels without any friction within the armed forces.

He also referred to the negotiations concerning the Yacyreta binational hydroelectric complex and he stated that the talks are very advanced and we have practically no difficulties with our brother Paraguayans, no differences at this time. During a future trip, which I am sure I will make, I would very much like to meet with General Stroessner, a president for whom I have a profound respect and affection.

Viola was also asked about the pope's answer on the Beagle matter and he stated that he could give no views on the matter because it is evident that it is not feasible to discuss matters of that type regarding international policy in public until they have been very carefully studied, evaluated and analyzed. It is currently being analyzed by the pertinent organizations.

Another question referred to the situation of the missing and the people detained in the custody of the executive branch. [Words indistinct] every day to see the advances that have been made regarding this matter of the detainees. Of the 950 detainees at the disposal of the executive branch, there are approximately 150 who have been tried and sentenced.

This means that there are still 650 and, of those, 1/3 were released 7 months ago. [as received] This is a gradual process that is being carried out slowly. Regarding the missing, the president stated that he stands on what he said in a speech on 29 May 1979, when he was army commander in chief. Not only is my position stated in that speech, but also the overall position of the armed forces. Another question referred to an alleged eight points that the U.S. Government will submit to Argentina as conditions for improving relations between the two countries. Viola answered: It is the first I have heard about it. Anyway, I will answer you quickly, because there is no need to lose a lot of time on the matter: There is nothing in it.

During another part of his press conference, the president indicated that As-Sadat's death can in no way alter resolutions that the Argentine Government may adopt, although, he said, the variations within the international policy situation that characterize the Middle East could be an influence in one way or another. If the same type of policy is maintained, As-Sadat's death will have no decisive influence on an eventual modification of the foreign policy in this respect.

Regarding Argentina's nonattendance at Cancun and whether our country can be considered industrialized, Viola said that the decision was adopted before this government assumed power. Referring to Argentina's industrial potential, Viola said that many of the countries that are attending the Cancun meeting have a degree of industrialization much lower than that of Argentina.

ECONOMY MINISTER SIGAUT DENIES RESIGNATION

PY271116 Buenos Aires TELAM in Spanish 2131 GMT 26 Oct 81

[Text] Buenos Aires, 26 Oct (TELAM) -- Economy Minister Lorenzo Sigaut has stated that rumors that circulated this weekend about his alleged resignation are completely false. The economy ministry issued this afternoon a statement in this regard which reads: Political commentators of two Buenos Aires newspapers stated this past weekend that the economy and finance minister had allegedly resubmitted his resignation to the president. This is a completely false statement since the alleged resignation has never been submitted, much less resubmitted.

BISHOPS SEEK RETURN OF COUNTRY TO 'STATE OF LAW'

PY261721 Buenos Aires HERALD in English 26 Oct 81 p 9

[Text] Santa Fe (NA) -- The Argentine episcopate "urges the return to a state of law," local Archbishop Vicente Zazpe said yesterday in his regular Sunday radio message. He added that the episcopate "mourns the hundreds of victims of terrorism," but "will continue to demand clarification of the situation of missing persons." "Silence and forgetting will not bring peace," he said.

Zazpe said he hoped the government is preparing a list of missing persons "as they've been saying these days," adding "it's said that clarification is being attempted only because of international pressure."

Diverse sectors "appear to be stagnating, almost deteriorating, which may endanger peace and social well-being, which is why the armed forces seized power in the first place," the archbishop said in his sermon entitled "The Episcopate and the Present Time." He cited a growing divergence of opinion about the present situation within the armed forces "which is within earshot of the public." A critical speech by Colonel Alberto Esteban Solis at the war college 2 weeks ago "leaves no room for doubts about this," he said.

Newspapers are also becoming far more critical than in the past, he said "some of which are making very sharp judgements about the problem of missing persons and the economic scheme." However, Zazpe pointed to television and radio's noncritical posture as a sign of continuing "control and self-censorship." "This creates a spirit of national pessimism which cannot be overcome by evasive official declarations."

The problem, according to Zazpe, lies in "the failure to translate our aspirations into political educational, economic and social structures." He said the episcopate has observed the persistence of "radical fragmentation of private interests and groups, continuing social isolation, confrontation, and a refusal to recognize one's own errors." To solve these problems, the church recommends discerning between the different causes, which according to Zazpe are "ideological distortions, the afflicted economy, social inequalities, and the trampling of human dignity."

OFFICER CRITICIZES COUNTRY; NO PUNISHMENT PLANNED

PY272151 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1143 GMT 27 Oct 81

[Text] Buenos Aires, 27 Oct (NA) -- A reliable military source has denied that two generals and a colonel are going to be punished as a result of a speech delivered by the colonel in a military ceremony. A press report indicated that Gen Reynaldo Bignone, commander of military institutes; Gen Antonio Llamas, director of the War College; and Col Esteban Solis, one of the professors of the school; would be subject to disciplinary measures.

Solis spoke on the 75th anniversary of the death of Lt Gen Luis Maria Campos and gave a dim picture of the Argentine situation. He said that there is currently "a lack of national awareness, a distortion of history, corruption, profit-making, abuse of freedom of the press and freedom of speech in schools and other forums."

NEW CORPORATION TO RUN NUCLEAR FUEL FACTORY

PY280058 Buenos Aires TELAM in Spanish 1503 GMT 27 Oct 81

[Text] Buenos Aires, 27 Oct (TELAM) -- According to the executive branch authorization, which is included in Decree No 1719 issued today, the National Atomic Energy Commission (CNEA) will form a corporation with the Pecom Nuclear Company in order to manage the nuclear fuel element factory being built in the Ezeiza Nuclear Center which will be ready shortly.

It established that the CNEA will be able to decide on the inclusion of a third member in the corporation, and since this is an industry of undoubtable strategic importance, it has been decided that it will be comprised, exclusively, of local enterprises with national capital.

The Ezeiza plant will guarantee the supply on an industrial scale, of the fuel required by the Atucha I, Embalse and Atucha II nuclear plants. It will have the means to encourage the reduction of fuel prices because of the impact on the cost of electricity generated by the nuclear plants.

The decree authorizes the CNEA to transfer personal properties to the new corporation either as a contribution of capital or in exceptional cases by sale. It also states the objectives of Argentine nuclear policy, among which it mentions that of contributing to the development of national science and technology by its achievements in the nuclear field. It also points out that this objective is linked to the policy of developing an integral industry which will guarantee an adequate production of nuclear input according to national needs.

It is mentioned that the objective of self-sufficiency in the nuclear field is part of the whole self-sufficiency policy which aims at a greater participation of national industry. It is also stated that this will allow the acquisition of capacity to complete the fuel cycle on an industrial scale and increase the participation of national industry in the fuel cycle.

PRESIDENT REJECTS REQUEST FOR CIVILIAN TAKE OVER

PY280312 Paris AFP in Spanish 1944 GMT 27 Oct 81

[Text] La Paz, 27 Oct (AFP) -- During a speech made today before officers of the Bolivian Armed Forces, Bolivian President Gen Celso Torrelio Villa rejected a request for the demilitarization of power in the country made by the Confederation of Private Businessmen. In a document addressed to the armed forces yesterday, Monday, the businessmen requested the appointment of a civilian foreign minister as well as a government team comprised entirely of civilians.

In his speech General Torrelio stated that the political and business organizations, which only have group ambitions, are responsible for the current crisis which the country is experiencing. The Bolivian president, who is also the captain general of the armed forces, categorically rejected the charges against the armed forces concerning the disorder and chaos which the country has endured for 30 years. He then stated that he will not allow the armed forces to be stained by those who do not have sufficient (?information) to judge them. He added that the mission of the armed forces is to reorganize the fatherland and strengthen the nation within the framework of national conciliation.

General Torrelio concluded by stating that both civilians and military men are responsible for the country's future, but that the private sector should not adopt political positions which do not belong to it. He said he would accept even less the private sector's taking over the government.

RELATIONS WITH VENEZUELA TO BE RESUMED SOON

PY271757 La Paz Radio Illimani Network in Spanish 1130 GMT 27 Oct 81

[Text] Bolivian Planning Minister Adolfo Linares has voiced his optimism concerning the resumption of Bolivian-Venezuelan diplomatic relations. He indicated that this will help improve the dialogue between the two countries. The minister based his optimism on the results of the contacts which he had in Caracas last week on the occasion of the Latin American Economic System [SELA] meeting which he attended.

Minister Linares said that he had met with officials of the Venezuelan Investment Fund and other administrative officials with whom he discussed possible Venezuelan cooperation after diplomatic relations were resumed.

Linares said that the resumption of diplomatic relations could take place very soon and that the information gathered by Luis Alberto Machado, Venezuelan minister of state for intelligence development, will play a significant role in this decision. Minister Machado met with President Torrelio Villa and several other Bolivian high-ranking officials last week.

I am sure that this information will speed up the resumption of relations between Bolivia and Venezuela; and once this takes place we will be able to receive the latter's aid for programs of interest, not only to Bolivia, but to all Latin America as well, Linares said.

He indicated that according to the impression he received at the SELA meeting and meetings with Venezuelan Government officials, Bolivia's image abroad has improved considerably thanks to the efforts of General Torrelio Villa's administration to resolve the problems which have led to the severance of relations.

As for the plans for resolving current economic problems, Minister Linares said that advantage will be taken of various circumstances to accomplish this.

SOVIET AMBASSADOR PRAISES BOLIVIAN POSITION

PY281318 La Paz Radio Illimani Network in Spanish 1130 GMT 28 Oct 81

[Text] The Soviet ambassador to Bolivia, Sergey Ivanovich Kovalev, has praised the Bolivian Government's position regarding disarmament and noted that a contrary position undermines the economic, social, and cultural development of nations.

The Soviet diplomat held a meeting with Bolivian Foreign Minister Gonzalo Romero Alvarez Garcia to let him know the Soviet Government's position in this regard. Ambassador Kovalev also noted that the Soviet Union will grant medical aid to Bolivia and that within this context it will donate pharmaceutical equipment and medicine to be distributed in Bolivian cities and rural areas.

GOVERNMENT ANTIDRUG PROPOSAL SUPPORTED BY FRANCE

PY272045 La Paz Radio Illimani Network in Spanish 1130 GMT 27 Oct 81

[Text] The French Government has announced that it is prepared to support Bolivia's proposal to the effect that the UN General Assembly should include the problem of drug trafficking on the agenda of its current session. Claude Cheysson, French minister of external relations, has sent an official note to his Bolivian counterpart, Gonzalo Romero, according to information released by the Bolivian Foreign Ministry. The note is dated Paris, 15 October, and addressed to Minister Romero. It stated: You have been kind enough to bring to my attention the problems which arise from drug trafficking and the severe consequences which this activity has for your nation. This situation requires concrete and strong actions from the international community, and you have conveyed to me your desire to see the UN General Assembly include this subject on the agenda of its current session.

The French minister of external relations added that his country's government is watching this [word indistinct] closely and that it has not failed to observe the considerable increase in cocaine traffic from Latin American sources.

The French Minister states later: Obviously we support whatever efforts the international community makes to put an end to this problem. Thus, the French Government will support Bolivia's project and will (?bring up) the subject in the Economic and Social Council.

Minister Cheysson indicated that this council has submitted to the UN General Assembly a draft prepared by the narcotics committee entitled: Strategy and Policy for Drug Control. He added that the UN General Assembly should give its utmost attention to the discussion of this issue and assign priority to measures applicable to this area.

The French delegation to the UN General Assembly has been properly instructed, the French minister of external relations said, and he explained that his government is committed to giving its full cooperation to appropriate organizations engaged in an antidrug struggle.

SARAIVA GUERREIRO DISCUSSES FOREIGN POLICY

FY272238 Buenos Aires CLARIN in Spanish 25 Oct 81 pp 16, 17 Commentary Supplement

["Highlights" of interview granted by Brazilian Foreign Minister Ramiro Saraiva Guerreiro on 20 October 1981 to Enrique Alonso; place not given]

[Text] CLARIN: Sir, what is the position of the Brazilian Government regarding international issues such as the arms race and the return to a dialogue between the superpowers for the purpose of seeking coexistence?

Saraiva: I believe that Brazil, like the majority of developing countries, is aware of the many international issues that give cause for concern. Simplifying the situation to an extreme degree, I will focus on two issues of international political tension: first, on the prevalence of tools of confrontation as a source of dialogue for the international order, in which order is based on the growth of these conditions of power, and the increase in arsenals. Diplomacy tends to give way to force. Those issues concerning development are put away because of disputes caused by international conflicts which in turn cause artificial barriers to the seeking of peaceful solutions.

The second tension factor is the economic situation of the international system. I believe that certain evaluations and proposals made by developed countries constitute steps backward in the North-South dialogue. The negative consequences for the entire international system are obvious, and they help to cause the already difficult international situation to deteriorate even more.

In view of this difficult situation, the key issue is to return to a dialogue. We must lay down the bases for achieving a peaceful solution to all controversies and for diminishing all tensions. We must reinstate the North-South dialogue in keeping with objectives that truely reform and are innovative. These are not issues that can be solved with simple or immediate answers. There are no magic solutions. This is a daily, difficult task that must be accomplished running against the clock, and the results are not always predictable. Seeking solidarity and cooperation, seeking the establishment of a permanent dialogue; establishing a universalist position, staunchly defending the ideals for establishing a more just and equitable international economic order; seeking the establishment of more just formulas in bilateral relations; strictly adhering to the principles of nonintervention are some of the key issues that make up Brazilian foreign policy.

CLARIN: How are bilateral relations with the largest power of the area, the United States?

Saraiva: The bilateral relations between the United States and Brazil are based on a very old tradition of friendship and frankness. Currently this relation is particularly complex and broadly characterized by a high degree of maturity in which mutual respect and a frank and constant dialogue prevail.

Eventual disagreements are the result of the different positions advocated by the two countries in the world we live in. For obvious reasons we are different from the United States and we have a particular way of looking at the world. Brazil is not a superpower. Due to the fact that we are a developing country, we are interested in changing the international system. Undoubtedly this is the reason for the differences I talked about. Under certain circumstances there are problems. For example, this happens when localized and protectionist interests of the United States contradict the Brazilian interests of enlarging the market for its manufactured products. Brazil, however, shares with the United States basic values such as a disposition toward dialogue, which in turn reduces those inevitable moments of disagreements. Cooperation has been the rule in the relations between the two countries.

CLARIN: What are the repercussions on the Brazilian economy of the changes introduced by President Reagan on U.S. economic policies such as the high interest rates?

Saraiva: The U.S. economic policies, particularly the monetary measures that lead to an increase in interest rates, have negatively affected the Brazilian economy. Although Brazilian foreign trade now presents a considerable degree of diversification -- the United States absorbs less than 18 percent of all our sales abroad in contrast to 44 percent by the developing countries and nearly 27 percent by the EEC -- a substantial part of the Brazilian economy and that of many other developing countries. High interest rates obstruct the process of getting foreign resources because capital tends to go mainly to the U.S. market where profit is more attractive and capital more difficult for Brazil to obtain.

Also, the U.S. policy of reducing its resources in international organizations hurts the development of the Brazilian economy considerably. This policy creates a separation, divorced from reality, between the countries of relative lesser development and the so-called "recently industrialized countries" (Argentina, Brazil, Mexico, Venezuela, South Korea, Hong Kong, etc.) a classification fully rejected by Brazil. This policy has also reduced the overall financing of the World Bank, an organization which now has Brazil as its main client among the developing countries. The resources of the World Bank -- which last year represented nearly 5.8 percent of the total resources obtained by Brazil abroad -- are used for the development of priority infrastructure projects of high social influence. These resources also serve as a catalyst for private capital. This is how the Brazilian economy and those of the rest of the developing countries are hurt (including the other industrialized countries).

CLARIN: What should the Latin American community do to overcome the Salvadoran drama? How respected is the principle of nonintervention in America and the world at present?

Saraiva: The fact that the judicial principles are not respected does not mean they are not in force. Just as there are automatic mechanisms to correct the violation of laws in the international sphere, in the same way the position of the states truely aimed at peace and public opinion is capable of restoring cases of violation of the law. Brazil has clearly sustained respect for the principle of nonintervention as the judicial and political basis for reaching a just solution to the Salvadoran crisis. The Salvadorans themselves, taking their critical situation into account, can find the means and tools to direct the critical moment they are experiencing towards the establishment of the bases for a democratic and pluralist political coexistence.

I believe that if these conditions are created and guaranteed that the threat of the situation becoming internationalized would vanish. It is important that we should understand the systematic roots of the Salvadoran crisis which are complex and are strong historical roots.

CLARIN: The recent events that have involved Angola and South Africa, due to Namibia, again make the matter of decolonization a valid issue. What are your thoughts in this respect and what possibilities are there that Brasilia may grant any type of aid to Luanda?

Saraiva: Brazil's position regarding decolonization is known. We have always defended the right of nations to their independence and self-determination, in accordance with the terms contained in the UN Charter. Specifically regarding Namibia, the question of its independence has already been decided by the international community on the basis of Resolution 435 of the UN Security Council and within the plan drafted by that organization and which has been accepted on an international basis. Brazil firmly supports that effort and it hopes that Namibia can achieve its independence as quickly as possible. Regrettably and for reasons that are known to all of us -- in other words, due to South Africa's diehard attitude, including the aggressions against Angola and other neighboring countries -- the Namibia situation has not yet been resolved. Regarding the second part of your question, regarding eventual Brazilian aid to Angola, I have indicated that we are currently implementing a modest program of technical cooperation, which we hope will remain healthy.

CLARIN: What are the prospects of the Third World regarding political relations (Nonaligned Movement) and cooperation with the developed countries? What is the result of the Cancun meeting?

Saraiva: In general terms, the prospects are better than the current situation. Most of these countries are beginning to develop and they have a great potential ahead of them. There is also an inevitable local awareness, awareness of the need to improve standards of living and promote an effective development effort. Despite all the difficulties -- both internal and external -- progress made by these countries is considerable. We should not forget that a considerable number of these countries have only enjoyed independence for the last 20 years.

Regarding political relations -- included in your question concerning the Nonaligned Movement -- all developing countries should be visualized as a whole, and efforts should be made to understand them in their pluralism and diversified situations. It is difficult to reduce this complex picture to a uniform group. The objective of this movement is the adoption of a position of independence in relation to the two large blocs of power. This is particularly so in relation to an improvement of the standard of living of their people, that is, there is a main concern for development for which peace is absolutely necessary. Therefore, I believe development can be achieved if local effort and a search for development is made. I would like to remind you that not all the developing countries, including Brazil, are full members of this movement.

Unfortunately, in matters of development local efforts are not enough. It is necessary to get the support of a favorable international environment which not only needs the elimination of direct obstacles (for example, protectionism in all its forms), but the approval of measures that will permit the implementation of essential programs aimed at creating progress and the well-being of the people of these countries.

The role that developing countries are currently playing within international economics and the evident deepening of the disagreements between the North and the South demonstrate the importance of the Cancun meeting. Despite the pertinent limitations that initiatives of that nature have, Cancun must become a useful opportunity for bringing up and discussing the main topic of the North-South dialogue. Brazil hopes that proposals will emerge from that meeting for a more appropriate equation of the problems of developing nations. It must be stressed that one of the possible advances to be achieved is the eventual continuation of the global negotiations, and on a more general level, a greater sensitivity of the developed world toward the problems of development and its relationship to the expansion of the world's economy.

CLARIN: What is the state of relations between Brazil and the Eastern countries? And with China?

Saraiva: Brazil's relations with East European countries and with China are normal and they are being developed within the context of the foreign policy that we practice, which is essentially universal and open to all those who wish to cooperate with us on an equal basis and with mutual respect.

CLARIN: As a result of this, what is your overall opinion as to the phase that we are entering regarding international relations (including economic relations) and what are Brazil's determining interests within that framework?

Saraiva: Maybe the essential definition of Brazilian diplomacy for facing current times is the conviction that, today more than ever, it is fundamental to fight for a more just world order. The ideals of transformation and progress are the nucleus of the diplomatic efforts at this time.

Never has the obvious precariousness of the international order, founded on the prospects of power and organized on the basis of heirarchy and blocs, hegemony and domination, been so clearly demonstrated. The very nature of that order is the root of the problems that we are experiencing at the political level, including a deterioration of tensions, and at the economic level with the everlasting impasses in the North-South dialogue.

To create new forms of adjustment between states, on the basis of democratic and equal prospects, is the objective of the "determining interests" of Brazil's international policy, within the historic framework in which we live. It is not a mere utopia that diplomacy is proposing. We are obliged to be realistic and moderate with the projects.

What we are proposing is based on the understanding that there are no other alternatives to the tensions and conflicts than those that are based on the acceptance of adjustments and the transformation of the international system. The full participation of the developing countries in the system in which decisions are made, in the solving of protectionism, the acceptance of diplomacy as the best and truest of forces for solving international controversies, the strengthening of the basic principles of international coexistence, the improving of the UN's mechanisms, and the creation of adequate means for negotiations on new forms of the world's wealth, such as the sea: There you have a list of Brazilian interests within the international system.

CLARIN: Finally, what is your evaluation of Argentine-Brazilian relations, both in the advances that have been made as well as the advances that you believe important to achieve in the future?

Saraiva: Brazilian-Argentine relations are marked by the firmness of the contacts, the harmony regarding objectives and in the compatibility of interests. The current framework reflects the mutual idea that our two countries have a lot in common and that the existing economic and cultural specifics, due to their nature, indicate the advantages of an even greater exchange. This atmosphere of understanding reflects the lively and dynamic relationship between our two countries. I believe that we can work firmly together to face the future.

COLUMNIST VIEWS REJECTION OF SUBGROUPS BILL

PY280007 Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Oct 81 p 2

["Castello's Colunm" by Carlos Castello Branco: "The End of Measures Adopted for Expediency's Sake"]

[Summary] Even before knowing about the congressional decision to reject the "intraparty subgroups" [sublegendas] bill, President Figueiredo declared in the United States that a congress decision "has to be respected," and added that he would accept electoral results, "whatever they might be," if they reflect the people's choice. The political parties, the Social Democratic Party [PDS] among them, have thus been liberated to make autonomous decisions on legislative matters, and the normal course of democratization has thus been reinforced.

Congress has on previous occasions expressed its opposition to a mechanism which is essentially incompatible with the multiparty system, but which advisers to the government thought was indispensable for keeping the progovernment party together for the 1982 elections, in view of dissensions because the party's state chapters are not always under the command of their natural leaders. The balloting against the "intraparty subgroups" bill confirmed the position of the legislative branch which for the first time free of the shackles of Institutional Act No 5 turned down a government proposal without running into major risks, judging by the reactions of both President Figueiredo and acting President Aureliano Chaves.

Although its privileges have not yet been restored, congress freed itself politically by voting in accordance with its own conscience and its own evaluation of the political process. Obviously the behavior of the majority party, which the government can no longer trust, will determine measures to ensure the passage of bills which are deemed necessary for changing the government's social and economic policy. Should the PDS congressional leaders resign, they will do so as a natural fact, because the government will not dismiss them to avoid giving the impression that it is pressuring the parties and congress.

"Whatever happens next, the regime has improved with the elimination of the threat of the 'intraparty subgroups' rule for the gubernatorial elections.

Each party should now try to resolve its internal dissensions and unite behind a single candidate or leader. The path to coalitions is now open. The opposition may realign itself wherever conditions to do so exist -- as in Pernambuco, for instance -- by forming alliances and by making arrangements of mutual interest. The PDS itself will become more flexible, consolidating itself as a unit and opening itself to coalitions which are understandable from the electoral standpoint and which the system can assimilate.

"It can be presumed that the government can no longer resort to formulas for the sake of expediency, and that, if the rules of the game are to be modified, they will be changed on the congress', not the government's, initiative. The government is tending to rely on its own good performance as the best way to contribute to the victory of progovernment politicians. The constitutional reform which will proceed after the 1982 elections will be subject to less pressure, not only in view of eventual results, but also in view of the government's new posture. The liberalization process is moving forward in line with the wishes of the nation's president, and it seems obvious that liberalization raises the possibility of losing. With a 6-year term in office, President Figueiredo will have the time necessary to preside over the transition and to transfer the government to whomever the people should elect -- 'whatever the results of the elections.' This, of course, implies the previous acceptance of direct elections, if that should be the wish of congress.'

PRC VICE MINISTER COMES TO STUDY BRAZILIAN MARKET

PY282152 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Oct 81 p 19

[Text] Yesterday Yang Keng, PRC machine building vice minister, talked to Arnaldo Rodrigues, mines and energy ministry secretary general, on the interest the PRC has in supplying Brazil with heavy equipment for various sectors as well as its interest in learning about Brazilian technology in long-distance electrical transmission lines, especially for direct current. During the meeting held yesterday with the mines and energy ministry secretary general, the PRC vice minister for machine building said that he had come to Brazil to study the Brazilian market since his ministry supervises 6,000 factories in the PRC with 3 million workers, of which 200,000 are engineers and qualified technicians, which produce approximately 27,000 different articles. The PRC representative also mentioned the PRC's interest in modernizing the railway system and stated that Brazil could participate in this project.

USSR WANTS PREFABRICATED CONCRETE STRUCTURES

PY280259 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Oct 81 p 33

[Text] In addition to exporting corn, soybeans and soybean byproducts -- meal and oil -- Brazil might also sell to the Soviet Union technology for the construction of prefabricated cement structures for assembling silos for grain storage. To this end, the East European Commission (COLESTE) has information regarding the Soviets' interest in acquiring the equipment. The information is available to interested exporters. According to the Commercial Promotion Department of Itamaraty, the Soviets are interested in acquiring the technology for constructing storage facilities at the main river and sea ports in the country. These facilities will expand grain storage capacity by more than 20 million tons. In addition to such grain storage structures, the Soviets are interested in automated structures for cleaning, drying and ventilating grains, especially corn and soybeans that the Soviet Union will import in ever greater volumes from countries such as Argentina and Brazil. The contract signed with Brazil last July provides for the export over 5-year period beginning in 1982 of 500,000 tons of soybeans, 250,000 tons of soybean meal and 50,000 tons of soybean oil per year. From 1982 through 1987 Brazil will supply the Soviet Union with 500,000 tons of corn per year, with the possibility of extending that contract both in terms of volume and duration. The supply of technology for the construction of prefabricated concrete structures for grain storage opens the possibility of exporting services to the Soviet Union, because the large Brazilian construction companies with long international experience already possess that technology which can be offered at competitive prices.

GUATEMALAN FOREIGN MINISTER ARRIVES FOR VISIT

PY261851 Santiago Chile Domestic Service in Spanish 1630 GMT 26 Oct 81

[Text] Guatemala wants to continue getting the benefits of Chile's friendship, the foreign minister of that Central American nation, Rafael Castillo Valdez, declared today upon his arrival in Santiago for a 4-day official visit. At the international airport, Minister Valdez was met by his Chilean counterpart, Rene Rojas Galdames and officials of the Foreign Ministry. The two foreign ministers then met in the Red Room of the Foreign Ministry building.

As the meeting ended, Guatemalan Foreign Minister Valdez emphasized the close friendship binding the two countries ever since the dawn of their independence:

[Begin Valdez recording] The republics of Chile and Guatemala have maintained since the past century all kind of relations that can be considered excellent, if we wish to qualify them in some way. The visit which we are making to the Chilean people and government on behalf of the Guatemalan people and government is intended to continue benefiting from these excellent relations. [end recording]

Concerning terrorism and the Central American countries, the Guatemalan foreign minister said that terrorism follows international directives from countries such as Cuba and the Soviet Union, adding that his country views the Central American crisis as serious, yet is optimistic that Central Americans have the capacity to solve their own problems.

Minister Valdez also stated that history shows that the territory of Belize belongs entirely to Guatemala:

[Begin Valdez recording] The territory of Belize, as can be read in all documentation of which America has knowledge since years prior to 1821 -- the year of Guatemala's independence -- is a Central American as well as a Guatemalan territory. The current Constitution of the Republic of Guatemala so describes it, and the Guatemalan Government has to respect and comply with the provisions of the country's constitution. [end recording]

The agenda of Minister Valdez includes another meeting with Foreign Minister Rojas Galdames and courtesy visits to the defense minister and President Pinochet.

GOVERNMENT SATISFIED OVER LIFTING OF ARMS BAN

PY231439 Paris AFP in Spanish 0350 GMT 23 Oct 81

[Text] Santiago, Chile, 22 Oct (AFP) -- Chilean Foreign Minister Rene Rojas Galdames today expressed his satisfaction over the lifting of restrictive measures affecting Chile since 1976 when the U.S. Congress banned the sales of weapons to the government of President Augusto Pinochet.

Cable reports from Washington indicate that the U.S. Senate voted tonight to reactivate military aid to Chile suspended since the murder of former Chilean Foreign Minister Orlando Letelier in Washington on 21 September 1976.

Foreign Ministry officials expressed their satisfaction over the decision and indicated it implies the end to an injustice. Deputy Foreign Minister Col Fernando Arancibia told the semiofficial news agency ORBE that reports on the subject are being received from Washington and that they will serve as the basis for a statement to be released on Friday.

Foreign Ministry Director General Fernando Zegers and other Chilean Foreign Ministry officials also expressed their satisfaction over the measure adopted by the U.S. Senate.

PERUVIAN SHIP RELEASED AFTER SEVERAL HOURS

PY240242 Paris AFP in Spanish 0031 GMT 23 Oct 81

[Text] Arica, Chile, 22 Oct (AFP) -- Maritime officials of this port have reported that the Peruvian fishing boat Tortuga III was released today after being detained for several hours in this city when it was found operating in Chilean jurisdictional waters.

The boat and its crew of 14 was towed to this port, 2,050 kilometers north of Santiago, by the patrol boat Antuco after seeing the boat fishing 2 miles from the Chilean coast and 2 miles south of the limit of the territorial waters. The Chilean maritime territory department decided to release the fishing boat and its crew without a fine in consideration of good Chilean-Peruvian relations. It was reported, however, that 40 tons of fish were confiscated.

ENVOY IN ARGENTINA COMMENTS ON BEAGLE TREATY

PY231452 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1928 GMT 22 Oct 81

[Text] Salta, 22 Oct (NA) -- Chilean Ambassador to Argentina Sergio Onofre Jarpa said here today that his country is preparing "a base document" for the establishment of a future treaty with the Argentine Government aimed at solving the Beagle border dispute. Jarpa also said he was convinced that the papal mediation on that century-old dispute "is quite advanced."

The diplomat made this statement upon his arrival in this city, where he will attend the opening of the fifth International Fair of Northwestern Argentina (Ferinoa 81) in which Chile is participating with a stand from the Tourism Board.

The ambassador said that he was sure that "we shall achieve a sound agreement and advance with Argentina toward full integration."

He revealed that the Chilean Foreign Ministry is drafting a bilateral treaty "in which the Chilean Government is very much interested, and since we want to go forward we are undertaking basic studies in order to have a clear appraisal of the geographic, economic, cultural, etc., consequences of a future treaty with Buenos Aires."

Talking to reporters, he said that based on the information available to him he can affirm that "the papal mediation is fairly advanced and a solution is likely to be achieved soon." He added that "we Chileans are working with the idea that a solution will soon be achieved."

Jarpa's statement is in agreement with the statement made in Santiago by Foreign Relations Under Secretary Ernesto Videla who said on his arrival from the southern area that "Pope John Paul II's proposal will have to be prepared together with the mediator and, of course, the representatives from the two countries."

Jarpa stressed that "the presence of Chilean officials in the disputed area should not raise alarm or surprise," and he added that "the Foreign Relations Under Secretary (Col Ernesto Videla) is currently traveling along the Beagle Channel (he returned today) and sea traffic is the same as in the case of Argentine ships." He added: "I myself think of going there in the near future and this should not cause surprise or annoyance."

In Santiago former Foreign Minister Julio Philippi, a lawyer and member of the group of experts, has said that the trip made by Videla and other officials to the southern region was for making an on site study of "a number of things related to the documents that must be prepared for the development of the mediation."

Jarpa termed U.S.-Chilean relations "normal" and said that the easing of tensions had taken place because of the new attitude of the U.S. Government toward the human rights issued.

Early Solution Hoped For

PY241545 Santiago Chile Domestic Service in Spanish 1000 GMT 24 Oct 81

[Excerpt] Chilean Foreign Minister Rene Rojas Galdames has stated that Chile is quite hopeful of achieving a solution to the mediation problem before 12 December. He noted: We are very hopeful since if the pope answers the Argentine Government we hope that the Argentine Government will take the next step that will lead to the final steps of this process, that is, the study of a treaty in keeping with [the papal] proposal.

PINOCHET REITERATES SUPPORT FOR FINANCE MINISTER

PY262132 Paris AFP in Spanish 0212 GMT 25 Oct 81

[Text] Santiago, 24 Oct (AFP) -- President Pinochet has warned here that those who criticize his assistants are obviously indirectly criticizing the president himself. In an interview granted to the influential newspaper EL MERCURIO and which is published today, Sunday, Pinochet reiterated his previous statements supporting the finance minister and the economic team, countering some critical remarks on their performance. The president said: Obviously, whoever is attacking my trusted assistants is indirectly attacking me.

Some financial circles have criticized the promulgation of a bank law that will prevent these institutions from buying shares in stock companies and from granting credits to enterprises they own.

During the interview, Pinochet also clarified the meaning of a statement which he made on 29 September, when he stated: No single leaf is moved in this country unless I move it. He said: I do not know what they have understood from my statement, but at that moment I was referring to the economy and what I wanted to make clear was that the important decisions are made by the president. He said that the economic situation of the country, with increased imports and stagnant exports is a consequence of the international recession.

He added that besides the criticism that has been made, rumors have circulated about the resignation of his Finance Minister Sergio de Castro. For this reason I thought it was necessary to put a definite end to those rumors, Pinochet concluded.

NUCLEAR COMMISSION CHAIRMAN DISCUSSES PROGRAM

PY231723 Santiago Chile Domestic Service in Spanish 1000 GMT 23 Oct 81

[Text] The Chilean Nuclear Energy Commission is celebrating its 16th anniversary today. The commission is engaged in two lines of projects at this moment: nuclear security and radio protection [radio proteccion].

Col (Juan Bautista Mirlo Puig), executive director of the commission, stated at a press conference that the organization now has two nuclear plants: La Reina and Lo Aguirre. Referring to La Reina, he said that it has a 5-MW reactor used for research and development activities.

Regarding Lo Aguirre, the colonel indicated that here there is a more powerful reactor of between 10 and 20 MW which will begin operation by the end of 1983 or the beginning of 1984.

Referring to the activities carried out by the commission, he also said that research on the fuel cycle and the processing of new minerals is also being carried out. He said that the laboratory for calibrating equipment will be ready by the end of this year. This laboratory will serve not only Chile but the region as well.

Colonel (Mirlo) added that despite the commission having been created only a few years ago, we can say that in several other respects we are leading other American countries. The development achieved in the use of nuclear energy in the mining, industry, agriculture and medicine sectors is quite positive, he stated.

REPORTAGE ON SUBVERSIVES, HIJACKED ARMS PLANE

Army Report

PA241947 Buenos Aires LATIN in Spanish 2345 GMT 23 Oct 81

[Text] Bogota, 23 Oct (LATIN-REUTER) -- Three policemen were killed by guerrillas in a subversive escalation that included dynamite attacks on an airport, an oil pipeline and various police stations, the army has reported.

Militants of the self-styled National Liberation Army (ELN) placed a bomb in the police station in the township of Caceres, 600 km northwest of Bogota, killing two agents and wounding another.

Near Caceres, at El Gabre, guerrillas of the 19 April Movement (M-19) hurled a bomb at a police station, but it failed to explode.

In Puerto Narino, in the region of Arauca, 400 km northeast of Bogota, guerrillas of the Revolutionary Armed Forces of Colombia (FARC) occupied the township, killing a policeman, seizing his weapon and later distributing subversive propaganda.

In the oil region of Orito in Putumayo, 800 km southwest of Bogota near the Ecuadorean border, M-19 guerrillas staged dynamite attacks on an oil pipeline. The police did not report the extent of the damage. At the same time, an M-19 group blocked the flow of traffic toward the township of Orito for an hour.

Military sources said that ELN guerrillas placed a high-powered bomb at the airport in Barrancabermeja, the most important oil port in the country, some 400 km north of Bogota. They added that the bomb failed to go off, thus preventing a catastrophe.

In La Paz, Santander, some 450 km northeast of Bogota, a FARC group shot and killed two peasants, accusing them of being informers for the regular army.

Pastora Accused of Hijacking

PA250037 Paris AFP in Spanish 2301 GMT 24 Oct 81

[Text] Bogota, 24 Oct (AFP) -- Former Nicaraguan Deputy Interior Minister Eden Pastora, known worldwide as "Commander Cero," directed the transportation of arms in a commercial Colombian plane from Panama to El Caqueta district, southwestern Colombia, for the 19 April Movement [M-19] guerrillas, according to local military sources. The source added that the plane carried 4 tons of arms which were picked up by the subversives of the self-styled M-19.

Colombian Army troops based in El Caqueta district are carrying out an intense military search of the area to find the insurgents. The plane was found in Rio Orteguaza, Caqueta district. It contained empty boxes, with Panamanian identification labels, in which the arms were presumably packed.

At the same time, the Panamanian ambassador in Bogota, Cesar Rodriguez, said that the Colombian Aeropesca C-46 plane did not come from Panama.

Rodriguez said that a baseless campaign is being implemented to disrupt the Panamanian-Colombian relations. He added that Panama has no connections with the arms shipment.

The plane left Medellin last Wednesday and was suddenly declared missing. Nothing more was heard of the plane until it appeared in El Caqueta district: empty, but in perfect condition.

Panama Investigates Charges

PA242140 Panama City Circuito RPC Television in Spanish 1715 GMT 24 Oct 81

[Text] The National Guard's intelligence service is investigating a report from Colombia claiming that an airplane lost Tuesday and found on the banks of the Orteguaza River in southeast Colombia was used by guerrillas for the 19 April Movement [M-19] to transport weapons from Panama.

Contacted by telephone, Lt Col Manuel Antonio Noriega, G-2 of the National Guard, told one of our newsmen that the case which was made known last night by the 24 Hours newscast of Bogota is being investigated. The newscast broadcast a report from the place where the plane was found some 700 km southeast of Bogota in Caqueta, a region of intense guerrilla activity. The [words indistinct] airplane of the Aeropesca Company and its none occupants disappeared on Tuesday while on a flight from Medellin to Barranquilla.

After an intense search, a Colombia Air Force plane found the airplane floating on the Orteguaza River. An army patrol reached the plane and found that it was in good condition but no trace of the crew was found. The plane had been carrying the pilot, copilot, two mechanics, the regional manager of Aeropesca and two couples who chartered the plane in Medellin claiming to be engineers.

The alleged engineers were apparently members of the M-19 who in a daring action hijacked the plane to transport weapons and ammunition to the subversives. The film aired by the newscast showed empty crates marked with the name Empaques de Colon, Republica de Panama. According to the report, the weapons were transported inside those crates.

Peasants of the Caqueta region told reporters that about 100 heavily armed guerrillas waited for the plane to land and then disappeared. According to the report of air communications' experts, the pilot used secret radio frequencies unknown to civil aeronautics.

Meanwhile, the Colombian Army yesterday was planning a mass mobilization of troops to find those responsible for the guerrilla action.

Panamanian Envoy Denies Charges

PA250117 Panama City Televisora Nacional in Spanish 2245 GMT 24 Oct 81

[Text] Panamanian Ambassador to Colombia Cesar Rodriguez Maylin today denied any Panamanian participation in the supply of weapons to Colombian guerrillas. In a communique issued in Bogota today, the Panamanian diplomat rejected reports circultating in Colombia about a shipment of weapons from the city of Colon in Panama to the 19 April Movement [M-19].

According to reports, the shipment was picked up by an airplane of the Aeropesca Company which disappeared on Wednesday when it was on a routine flight in northern Colombia and later appeared in the Caqueta district in southeast Colombia.

In a statement, Cesar Rodriguez indicates that the Panamanian Government has excellent relations of friendship and cooperation in all aspects with the Colombian Government and that the security organizations of both countries, particularly the National Guard, have worked in close cooperation and coordination with the institutions that contribute to the defense and maintenance of the institutions of the Panamanian and Colombian territories.

He added that the Aristides Royo government is deeply concerned about the report that a Colombian airplane transported weapons from Panama, a report that is based on the fact that ammunition in shipping crates marked in Colon, Republic of Panama, were supposedly found in the airplane.

On denying the report, Ambassador Rodriguez said that Panama is not and has not been a weapons distribution or marketing center and that the words Empaques de Colon, Republica de Panama is the trademark of the packing factory that is located in the port of Colon. Any person who receives a shipment packed in such crates can reuse them.

The Panamanian ambassador in Colombia concludes by indicating that the Panamanian civil aeronautics authorities have not granted the Aeropesca Company a license to operate even temporarily in Panamanian territory and, therefore, the airplane with registration No HK-388 of Aeropesca could not have proceeded from Panamanian territory with the authorization of the Panamanian Government.

M-19 Claims Hijacking

PA280449 Paris AFP in Spanish 0411 GMT 28 Oct 81

[Text] Bogota, 28 Oct (AFP) -- It was reported here tonight that the 19 April Movement, M-19, has claimed credit for the hijacking of a cargo plane that was used to carry weapons to southern Colombia.

The Caracol radio station received a tape recording a few hours ago in which the plane's crew address their relatives, to report that they are safe and are somewhere in the Caqueta jungles, together with the guerrillas who hijacked the plane as soon as it took off from Medellin in northern Colombia, and that they will soon be released.

The Caracol report said that an unidentified woman had left the cassette at the station's front desk in the office in downtown Bogota.

According to the report, Manuel Bejarano, the pilot of the Aeropesca plane, said that the M-19 group had forced him to fly to an undisclosed place on the Guajira peninsula in northern Colombia, where he picked up a load of weapons, whose volume was not disclosed, and flew to the intendency of Caqueta.

Bejarano said that at 1810 on Wednesday he came down on the Orteguaza River, 1,500 km from his destination, which was Barranquilla on the Atlantic coast, and that he and the other four crew members were all right.

This report seems to disprove reports that the plane loaded the weapons in Panama, as was surmised when cardboard boxes with Panamanian markings on them were found. The Panamanian Government of Aristides Royo firmly denied the charges.

The Caracol station did not broadcast the cassette because of existing regulations of the security law, which prohibit radio and television reports that cater to crime or exalt subversive movements. However, it furnished the text to newspapers.

Army Pursues Hijackers

PA271529 Bogota Emisoras Caracol Network in Spanish 1215 GMT 27 Oct 81

[Text] Bogota -- The army is carrying out intense operations today through the Caqueta and Putumayo jungles, using modern rocket rifles. They are seeking rebel redoubts, the latter apparently strengthened by a cargo of men and weapons brought on an Aeropesca Company plane which landed on the water.

According to a Defense Ministry spokesman, the army companies deployed to the south are using American rocket rifles, which can fire hundreds of missiles in several directions [words indistinct] the target.

The use of this sophisticated weapon a few hours ago reportedly prevented the annihilation of an infantry marine patrol, which was ambushed near the Tres Esquinas military base in Caqueta jungle. One soldier and two guerrillas were killed during this confrontation.

Army Commander Fernando Landazabal Reyes is personally supervising operations in the south. He has inspected the banks of the Orteguaza River, where the hijackers of the plane presumably disappeared. The plane legally belongs to the Aerosol Company, which bought it from Aeropesca.

Meanwhile, the government has promulgated two severe measures to control public order. It has decided that those weapons and ammunition used exclusively by the armed forces involved in penal trials should be kept in military depots.

The government has also reiterated the ban on radio and television newscasts, which cannot include bulletins, reports, interviews, chronicles or information which might excite the subversives.

According to the high-ranking military commands, the operations currently underway in the south will produce initial results in the next few hours. They did not dismiss the possibility that the enigmatic hijacking of the DC-E [as heard] by the M-19 [19 April Movement] might be resolved quickly.

Navy, M-19 Clash

PA290357 Bogota Cadena Radial Super in Spanish 2330 GMT 28 Oct 81

[Text] Florencia, Caqueta -- Five 19 April Movement, M-19, guerrillas and a navy NCO died today in a clash in the San Antonio region. An undetermined number of guerrillas and two navy sailors were wounded in the clash. The dead navy NCO was identified as (Julio Alberto Torres). The navy-guerrilla clash occurred at a place 30 minutes away from where the Aeropesca Company airplane was found.

EPL, FARC Invade 2 Towns

PA250247 Madrid EFE in Spanish 2320 GMT 24 Oct 81

[Text] Bogota, 24 Oct (EFE) -- Guerrilla activity increased today in Colombia when armed groups attacked two different towns, killing three civilians and wounding two policemen.

The first incident occurred in Nococli, in northeastern Antioquia Department, when 150 People's Liberation Army (EPL) gathered the population in the principal park, harangued them and then killed the police inspector and two businessmen. Two policemen who opposed the "subversive act" were seriously wounded.

A short time later 30 individuals who claimed to be members of the Revolutionary Armed Forces of Colombia (FARC) looted the businesses of La Esperanza, eastern Antioquia Department and expounded on their political doctrine.

FARC Attacks Town, Kills 9

PA260410 Madrid EFE in Spanish 0208 GMT 26 Oct 81

[Text] Bogota, 25 Oct (EFE) -- Nine persons were killed during an attack by a group of Revolutionary Armed Forces of Colombia (FARC) guerrillas in a township near Sonson, northeastern Colombia, it was reported today. Police sources said today that the guerrillas arrived in Danta on Saturday and after haranguing the people, killed a police inspector and a businessman.

The police added that the FARC group took seven peasants hostage and later killed them in the nearby mountains. The army brigade stationed in Medellin sent troops to the area to pursue the guerrillas.

PRC PREMIER CONTINUES VISIT IN COUNTRY

PRC Premier With PRI Candidate

FL271450 Mexico City NOTIMEX in Spanish 0245 GMT 26 Oct 81

[Text] Mexico City, 25 Oct (NOTIMEX) -- PRC Premier Zhao Ziyang met today for 45 minutes with PRI presidential candidate Miguel de la Madrid Hurtado. Zhao Ziyang and De la Madrid talked about matters of mutual interest for Mexico and the PRC and examined various aspects of international relations.

Lopez Portillo Dinner Speech

FL271328 Mexico City NOTIMEX in Spanish 0410 GMT 27 Oct 81

[By Enrique Alvarez Manilla]

[Text] Mexico City, 26 Oct (NOTIMEX) -- Asserting that international cooperation is the duty of the chiefs of state, President Jose Lopez Portillo has said that war can be avoided and the big powers can coexist in peace on the basis of ideological pluralism. The president was speaking at the end of a dinner he hosted at the Secretariat of Foreign Realtions for PRC Premier Zhao Ziyang, who is on an official visit to Mexico. Lopez Portillo said that the meeting anew and resumption of dialogue with the PRC are taking place at a time when the international system (?is undergoing) transformations that are encouraging to the freedom and self-realization of peoples while at the same time there is serious concern over the danger to peace posed by the deterioration of relations between states. The president said that the crisis affecting the various countries of the world is not the same for all, hence the importance for the chiefs of state to analyze the crisis within an international context.

Lopez Portillo explained that two trends are eroding the international climate: a growing confrontation between the superpowers, which are bent on putting their own stamp on international transformations, and the strangulation of the economies of developing countries, which prevents the reduction of inequality, exploitation and interference.

The Mexican president reiterated the idea that there can be no stability, democracy or reduction of tensions without an attack on the economic causes of the problems overwhelming the region, because peace cannot merely be the absence of war. He added that international cooperation is the duty of chiefs of state and that to the extent that each country's programs grow, the better the conditions to contribute to the progress of the less developed in the search for a better world. "We continue to believe that war can be avoided and that the big powers can and must coexist in peace: We are not utopians but we believe that serious conflicts always have solutions that do not involve violent clashes."

Zhao Ziyang Dinner Speech

FL271342 Mexico City NOTIMEX in Spanish 0420 GMT 27 Oct 81

[By Enrique Alvarez Manilla]

[Text] Mexico City, 26 Oct (NOTIMEX) -- PRC Premier Zhao Ziyang has said that there is full agreement in the principles underlying the foreign policies of Mexico and China. Zhao gave a brief acctount of relations with Mexico while addressing President Jose Lopez Portillo at the dinner the latter hosted in his honor. He expalined that since 1972, when the two countries established diplomatic relations, they have made similar moves in international policy which raise Chinese-Mexican friendship to a level of great development.

Zhao Ziyang said that the two countries are fighting imperialism, hegemonism and colonialism and are engaged in the defense of world peace. They also favor the withdrawal of all foreign troops from Afghanistan and Kampuchea and support the struggles of the peoples of South Africa, the Arab countries, Latin America and other regions. He recalled that for more than 10 years China and Mexico have supported each other in the political sphere, have kept up cooperation in the economic sphere and have carried out broad cultural exchanges.

In concluding, the Chinese premier said that he agreed with the Mexican president in that the two countries should further strengthen and intensify relations in all areas and increase economic relations.

UK'S THATCHER SIGNS AGREEMENT, DEPARTS

FL262147 Mexico City NOTIMEX in Spanish 2357 GMT 25 Oct 81

[Text] Mexico City, 25 Oct (NOTIMEX) -- The prime minister of the United Kingdom, Margaret Thatcher, was given a farewell ceremony today at the presidential hangar at the conclusion of a 20-hour stay in the Federal District, where she signed with the Mexican Government an agreement granting a line of credit to the Lazaro Cardenas-Las Truchas Steel Industry (SICARTDA), one of the most important industrial ventures in the country.

At the presidential hangar, Thatcher was seen off by Secretary of Government Enrique Olivares Santana and Under Secretary for Multilateral Affairs of Foreign Relations Manuel Tello. Following protocol, during the ceremony the national anthems of Mexico and the United Kingdom were played and a unit of the presidential guards fired a salute.

Prior to boarding the jetliner of the Royal Air Force, marked XV-107, bound for London with possible stops in the Bahamas or Canada, the British prime minister saluted the Mexican flag. The British official expressed gratitude for the Mexican hospitality and, especially, for the courtesies accorded to her by President Jose Lopez Portillo.

DIAZ SERRANO HAILS RELATIONS WITH USSR

FL262049 Mexico City NOTIMEX in Spanish 0220 GMT 26 Oct 81

[Text] Mexico City, 25 Oct (NOTIMEX) -- Mexico's Ambassador to the Soviet Union Jorge Diaz Serrano has stated that the relations between Mexico and the Soviet Union are very positive and strong and that they have reached the highest level. He added that this is possible because of the two countries' attitudes and reciprocal interest.

Diaz Serrano indicated that Mexico and the USSR were forerunners and leaders of the great historic transformations which have determined decisive paths in the 20th century. The Mexican diplomat recalled that Alexandra Kollontai had been the first USSR ambassador to Mexico and the first fighter for women's equality, to whom all women in the world should be very thankful.

Diaz Serrano explained that the USSR and Mexico have distinguished themselves for their untiring efforts for peace and disarmament. He noted that he had worked in the oil industry all his life, and that now we have the opportunity to learn a lot about the structure and operations of the Soviet oil industry. He stated he has visited that country more than six times since 1964.

Finally, Diaz Serrano said he was honored by President Jose Lopez Portillo when he designated him Mexican ambassador to the USSR, and added he will work hard to strengthen still more the ties existing between the two nations.

BELIZE

PRIME MINISTER TO HOLD FOREIGN MINISTRY POST

FL280211 Belize City Domestic Service in English 0100 GMT 28 Oct 81

[Text] The prime minister's office has announced that the Ministry of Foreign Affairs will be held by Prime Minister Honorable George Price. Her Excellency the governor-general, Dr Minita Gordon, has assigned Honorable Carl L. B. Rogers to be the minister of defense and home affairs.

COSTA RICA

HONDURAN DEFENSE SECRETARY ARRIVES ON VISIT

PA282154 San Jose Radio Reloj in Spanish 1730 GMT 28 Oct 81

[Excerpts] A Honduran Army delegation led by efense Secretary Gen Mario Enrique Chinchilla Carcamo [as heard -- records list Col Mario Flores Theresin as Honduran defense and public security secretary] arrived in the country this morning to attend a ceremony in honor of Honduran Air Force members who were killed in a plane crash in Costa Rican territory. The accident occurred in Cerro de la Muerte on 27 November, 1974. Several persons were killed in this crash and the Costa Rican Government promised to erect a monument near the site where the plane was found.

In addition to the defense secretary, the Honduran delegation comprises Maj (Oscar Alfonso Cervellon), Air Force Capt (Jose Luis Segovia) and other air force officers.

EL SALVADOR

IRAN RECOGNIZES FMLN, FDR AS REPRESENTATIVE FORCES

PA282007 (Clandestine) Radio Venceremos in Spanish to El Salvador 1200 GMT 27 Oct 81

[Text] Iran has officially given political recognition to the FMLN and the Revolutionary Democratic Front [FDR], vanguards of the liberation struggle of our people.

A communique from the Iranian Foreign Ministry, which was made public in Iran by the official news agency [ADAS], announces the recognition of the FDR and the FMLN as representative political forces. This is in line with the Islamic Government of Iran, which attributes special importance to efforts in support of the oppressed people of the world.

In the communique, the Iranian Government condemns U.S. meddling in the domestic affairs of El Salvador.

Several countries have already shown their support for the French-Mexican declaration recognizing the FDR and the FMLN as forces representative of the Salvadoran people.

COPREFA SAYS MEDIA PUBLISHES 'TERRORIST LIES'

PA281334 San Salvador LA PRENSA GRAFICA in Spanish 27 Oct 81 pp 2, 36

[Text] Yesterday the Armed Forces Press Committee, COPREFA, said that reports by the international agencies which said that extremist groups had caused many casualties to the army in clashes along the Pan-American Highway had been distorted.

Those reports which were disseminated abroad, said the source, say that the extremists exploded a mine under a personnel transport and that they machinegunned another vehicle.

It was reported that military commanders in San Vicente had said that the rebels had launched several attacks along that road and that they had not disclosed the number of casualties.

COPREFA charged that international agencies such as UPI and its correspondents echo the lies scattered by the terrorists. It is a delicate matter said a military spokesman, that Radio Venceremos distorts the truth, citing cables originating in San Salvador and signed by John E. Newhagen.

The official source said that UPI declares that the army has suffered 30 casualties, including dead and seriously wounded, in operations in the eastern part of the country but that only 12 casualties have been reported.

The spokesman added that there have in fact been fierce clashes, especially in the area of Usulutan and that contrary to what UPI has reported, the army has dismantled terrorist camps and has seized war materiel, medicines, provisions, olive-drab uniforms and other supplies.

The spokesman affirmed that the success of the military operations in the southeastern zone had been due in part to the decisive collaboration of the civilian population. There were places, the source affirmed, that apparently were inaccessible but they were reached thanks to residents of the area who showed the way.

The civil defense, he affirmed, has also played a major role. Due to the bravery and courage with which they have fought, he added, "attacks to towns and important government objectives have been repelled. Had these objectives fallen into the subversive's hands, things would be extremely complicated."

In conclusion, COPREFA said that during the next few days, the Defense Ministry will present an official report with details that the people should know in order to be more aware of what is really going on and so that territorist lies transmitted by clandestine stations and their collaborators will not frighten them.

REPORTAGE ON GOVERNMENT FORCES OPERATIONS

Major Operation Launched

PA290140 San Salvador EL MUNDO in Spanish 27 Oct 81 p 1

[Text] A squad of helicopters, an airborne battalion unit and an Atlacatl commando corps launched a widespread military operation today on the slopes of Chichontepec Volcano, in the rural zones of Parras, Lempa, Junquillal, Tecoluca, San Carlos, San Nicolas Lempa and in other areas of San Vicente Department, to try to locate and dismantle guerrilla camps, armed forces sources in San Vicente reported today.

The troops, which had been gathering here since yesterday afternoon, were mobilized early this morning toward Chichontepec Volcano and the rural zone along the Lempa River, to the staging area assigned by the military command.

It was also reported that many more troops were arriving from Usulutan, San Miguel and other military garrisons on the east bank of the Lempa River, to participate in the operation already underway on the other side of the river.

Several reconnaissance planes have been flying since yesterday over Chichontepec Volcano and the helicopter squad began flying over the same area at 0700 this morning. Some were transporting Atlacatl Battalion troops and others were performing reconnaissance missions at those places where guerrilla camps were again operating.

The military sources said that this was the biggest military operation carried out so far, with the support of all of the armed forces' resources.

Lempa Bridges Area Fortified

PA290336 San Salvador EL DIARIO DE HOY in Spanish 28 Oct 81 pp 1, 24

[Text] The area between the San Marcos Lempa Bridge -- also known as the Oro Bridge, which was destroyed by terrorists -- and the railroad bridge has been declared a military zone. In the meantime, work is in progress on the railroad bridge, so that it will be able to handle all kinds of vehicles.

Seven additional attacks have taken place in the zone since the night of 14 October, when the terrorists destroyed Oro Bridge. All of this seems to indicate that the terrorists are bent on destroying the railroad bridge so military forces cannot cross to the eastern zone. The latest attack on the military posts located on both sides of the two bridges occurred the night before last.

Yesterday, a total of 16 army companies were used to launch a counterattack against the terrorists who were attacking the San Marcos Lempa Bridge. In their retreat, the terrorists were seen in San Agustin, Las Piletas, Nombre de Dios, El Jicaro, Las Montanitas, Santa Cruz, San Juan Loma Alta and other places along the Lempa River.

According to reports from San Marcos Lempa, the terrorists were also attacked by air during their retreat. Atlacatl Battalion units and soldiers from the regiments stationed in Usulutan and Zacatecoluca also took part in the counterattacks. Three bullet-ridden bodies were seen floating on the Lempa River yesterday morning.

The railroad bridge was still not finished as of yesterday. Work will continue until it can be used. Although the public works minister said that the bridge would be ready on Tuesday to handle heavy trucks and other vehicles, the first attempts did not work, as the trucks broke the boards over the rails. They are now looking for something stronger to use. Only cars and light trucks are currently allowed to pass.

In addition to the mobilization of troops in San Marcos Lempa and San Nicolas Lempa, corn silos and trees in which the terrorists hid and from which they could attack the military posts have been torn down.

Residents of San Marcos Lempa and San Nicolas Lempa have left their homes, thus increasing the number of displaced persons in the region. All of the stores in that sector have been shut down as a precaution, since they are in the militarized zone, which comprises an area of approximately 10 square km around the two bridges.

RADIO VENCEREMOS REPORTS FMLN ACTIVITIES

Major Battles Reported

PA290119 (Clandestine) Radio Venceremos in Spanish to El Salvador 1200 GMT 27 Oct 81

[Summary] Our companeros in San Agustin, Tres Calles, report clashes on that warfront, noting that on 21 October, 400 enemy troops made an incursion into FMLN territory. "The population was immediately evacuated and taken, in an orderly manner, to places that offered more protection from artillery fire and bomb attacks by the government junta."

The enemy fired indiscriminately, endangering the thousands of children, women and elderly people who live in Tres Calles. At approximately 0800, bitter fighting broke out as enemy troops established contact with FMLN forces and an enemy force approaching the area of combat was ambushed, receiving no less than 20 casualties. "During that rout, the enemy advanced slowly and with great fear and did not reach the fireline, which was established in La Montana Canton, in the south sector. The fighting along our fireline in the south went on all day, costing the enemy approximately 35 casualties; our forces took no casualties that day.

"Also on that day, at 1000, the enemy tried to enter through the eastern side of our zone, through El Jocote and San Antonio Cantons. Violent combat ensued, lasting all day. At 1730 our forces were forced to withdraw to new positions in La Montana Canton, in the east, because of the large number of enemy troops and the intense fire at our positions." The FMLN forces had one dead and one wounded.

"At approximately 0900 on Thursday, 22 October, fighting was renewed at our positions in Bolivar, La Montana, La Loma and (?Corozalito) Cantons. At approximately 1000 the enemy tried to break through (?Corozalito) Canton, in the north of our region. They used approximately 200 soldiers in this attempt, clashing with our fireline in that area." The repressive forces advanced, supported by fire from mortars, 105-mm field guns, M-79 grenade launchers and machineguns.

"Since the enemy infantry failed to break our fireline, they resorted to artillery and to action by the enemy air force. Four Fouga planes dropped 500-pound bombs on our positions and machinegunned the area, while helicopters fired in every direction, trying to break our fireline.

"Our forces held up through the morning. At about 1400, our forces in La Montana Canton were forced to withdraw to better positions." In this action, the enemy took eight casualties in La Montana Canton and 8 more in El Juron Canton, while FMLN forces had 3 wounded.

"That night, the joint command decided to evacuate hundreds of residents, to protect them from the intense bombing and machinegun fire used by the air force and artillery forces in an attempt to annihilate our military forces, along with the hundreds of children, women and elderly people who make up the humble population.

"The maneuver was carried out. The enemy was deceived and we were able to remove the population to a safe area. It was decided not to fire on the enemy, in order to keep the population's location secret, to protect them. A military cordon was put around the population and we waited there for the enemy.

"On 23 October 1981, the enemy forces searched the area with helicopters and infantry troops. They fired in desperation, trying to find the population. The national armed forces spent the day sacking and destroying whatever they saw, killing animals and setting the homes of the poor people on fire.

"On Saturday, 24 October, the repressive forces continued their sacking and destruction, while our forces steadily observed all of the enemy's movements. At approximately 1100, the army found, without any coordination from the Fouga bombings, a group of the population that had remained behind after fleeing in fear. The enemy then murdered women and children. There is no report so far on what they did with the survivors.

"We urgently denounce this, so that international humanitarian organizations can intervene to prevent the killers from slaughtering these humble children, women and elderly people of El Salvador."

Attacks on Government Troops

PA282201 (Clandestine) Radio Venceremos in Spanish to El Salvador 1200 GMT 27 Oct 81

[FMLN war report from San Agustin in Usulutan Department, El Salvador -- live relay]

[Text] On 22 October 1981, at 0445, an FMLN platoon under Companero Roberto attacked enemy forces in the town of San Francisco Javier. The enemy force consisted of 30 soldiers. Our forces entered the town from various points and fired on enemy patrols in various parts of town. The enemy troops sought refuge in several houses. The attack lasted until 0615. Then our forces withdrew in orderly fashion, having suffered no casualties. The number of enemy casualties is not known.

At 1300 on 23 October 1981, several squads of FMLN fighters and militiamen under Companero Ramiro ambushed an enemy convoy traveling on the (El Litoral) road to Usulutan. The action took place on km 93, in El Paraiso Canton. The driver of the enemy convoy [as heard] lost control and it came to a stop at the end of our fireline. Our attack was answered only by arriving troops. The others had been put out of combat. Our forces then withdrew without casualties, while at least 8 casualties were inflicted on the enemy.

280 Army Casualties in October

PA282128 Havana International Service in Spanish 1600 GMT 27 Oct 81

[Text] The FMLN of El Salvador has reported that in the first 20 days of this month, guerrilla forces inflicted over 280 casualties and considerable property losses on the Salvadoran military-Christian Democratic junta's army.

A report carried by Radio Venceremos indicates that among the soldiers who were killed during the antiguerrilla operation launched by the Salvadoran regime early this month in Chalatenango were an officer and several enlisted men of the Guatemalan special troops known as (caibidos).

For his part, (Juan Wenceslao Zamora), a former government soldier who is now a member of the FMLN, has denied statements made in the United States by Jose Napoleon Duarte, one of the leaders of the Salvadoran regime, to the effect that over 600 National Guard members had been expelled for using violence.

(Zamora) said that, on the contrary, the 600 guardsmen were expelled because they had asked not to be used to massacre the Salvadoran people. He said that there are active army officers among the leaders of the Death Squad, including 2d Lt (Obdulio Molina Escobar) and Lt (Stalin Castro).

Other reports indicate that mutilated bodies continue to be discovered in El Salvador bearing signs of torture that are characteristic of the murders committed by paramilitary bands.

PCN REQUESTS AUTHORIZATION AS POLITICAL PARTY

PA290400 San Salvador LA PRENSA GRAFICA in Spanish 23 Oct 81 pp 2, 21

[Excerpt] In compliance with the transient law ruling on political parties, the National Conciliation Party, PCN, yesterday requested authorization from the Central Electoral Council, CCE, to begin functioning as a political party.

The request was personally delivered to CCE President Dr Jorge Buscamante by PCN Legal Affairs Secretary Dr Arturo Ramirez Mendez Azahar, who told newsmen that the PCN continues to be an eminently nationalist party. He also said that the party "rejects the charges accusing it of socialist inclinations."

Ramirez also stressed that his party has no relations whatever with international political parties and that it has no interest but the nationalism of the Salvadorans.

NEW PARTY QUESTIONS CONDITIONS FOR ELECTIONS

PA281553 San Salvador EL DIARIO DE HOY in Spanish 26 Oct 81 p 33

[Paid advertisement by Democratic Action Party: "Fulfilling the Objectives of the Armed Forces proclamation"]

[Text] Honorable revolutionary government junta:

On 15 October 1979, the Salvadoran Armed Forces, "fully aware of their sacred duty to the Salvadoran people and identified with the clamor of the population," overthrew the government of Gen Carlos Humberto Romero which was accused of (1) violating human rights, (2) promoting and tolerating corruption in state offices and in the administration of justice, (3) creating a real economic and social disaster, and (4) seriously damaging the country and the prestige of the noble armed forces.

The emergency program implemented by the armed forces "until the proper conditions are established to hold elections which are really free and in which the people can decide their future," in paragraph 2 states as a goal: "to guarantee human rights by creating the right conditions for really free elections within a reasonable time."

Due to all sorts of international pressures, there are plans for elections in our country on March 1982.

However, at this moment, the political and social conditions are far from being the right conditions to which the armed forces proclamation referred. We could even say that the present conditions are worse than they were in the final days of General Romero's government. At that time, the Christian Democratic Party refused to participate in the dialogue called by the government precisely because conditions were not right.

It is obvious that at this moment the political conditions for an electoral process are worse than in those days which we thought were left behind after the 15 October 1979 military rebellion.

As a matter of fact, violence throughout the country and the unfair advantage that the official party is taking of its position in the government are evidence of this.

The advantage that the Christian Democratic Party has by being in control is obvious. The Christian Democratic Party controls the majority in the revolutionary government junta, in the Central Electoral Council, the presidency of the Salvadoran Institute of Agrarian Transformation, the interior, labor and education ministries, departmental and municipal governments, as well as the National Financing Corporation for Agrarian Transformation.

If we add the exclusive use and control of the news media in network, political censorship, plus the permanent state of siege, can we honestly say that we have the right conditions for really free elections?

We say no.

Convinced as we are that a clean electoral process can be the beginning to the solution to the nation's serious tragedy, we offer all our cooperation for the implementation of such a process. At the same time we ask the other forces of the nation to correct the serious flaws which currently are hindering the electoral process.

For all these reasons, we ask the honorable revolutionary government junta to act in accordance with the principles of the armed forces proclamation, and on behalf of the nation. We ask the junta to set aside personal and partisan interests, and to fully assume its great historic responsibility. Let us act with patriotic spirit in order to create the right climate for really free elections. Otherwise, we will be participating in another farce in the long chain of electoral mockery and abuses in the history of our country. We are sure that our request is absolutely shared by the people, whom we have exhorted to struggle in a decisive way to obtain these objectives.

San Salvador, October 1981

There is only one way: El Salvador, Democratic Action, political party in process of organization

PRODUCTIVE ALLIANCE SEEKS OPEN GOVERNMENT

PA290223 San Salvador EL DIARIO DE HOY in Spanish 27 Oct 81 p 27

[Paid advertisement placed by the Salvadoran Productive Alliance, dated 26 October 1981, San Salvador]

[Excerpts] The Salvadoran Productive Alliance, representing the country's most important organizations, was established specifically in response to the historical necessity to defend our country against the imminent threat of a political, economic and social collapse; as well as to face the clear threat of seeing the Salvadoran people succumb to any kind of totalitarian, collectivizing and coercive government.

As it has repeatedly pointed out, the Productive Alliance believes that the Christian Democratic Party [PDC], which is in power as a result of a bold move, is directly responsible for the country's chaotic situation. As the only political force in government, its prolongation in power daily worsens this situation.

The Productive Alliance notes that since 9 January 1980, when it came to power after betraying its colleagues in the People's Forum, the ruling party has obstinately and callously maintained its negative attitude, completely abandoning the productive sector because it refused to accept the reckless socializing scheme that the ruling party seeks to establish in our country, in a totalitarian fashion. The Productive Alliance also notes that the hybrid communitarian theory sponsored by Christian Democracy is no less than the twin sister of Marxism-Leninism.

With its insults and diatribes against our sector, the ruling party seeks to confuse the Salvadoran people, who will never forget all of the PDC's political alliances with the communists, such as in the National Opposition Union (UNO) and the People's Forum. Using that strategy now, it wants to lead our armed forces into a negotiated solution of the armed conflict.

The ruling party's charge that the Productive Alliance is participating in an international campaign of misinformation is false and seeks to hide the fact that the high-ranking PDC leaders were the ones who, jointly with the leftwing forces that now form the Revolutionary Democratic Front [FDR], began an extensive and antipatriotic campaign to discredit our country more than 2 years ago, when they were seeking power. Speaking to U.S. senators, representatives of the U.S. clergy, other organizations and the news media of various Latin American countries, Jose Napoleon Duarte laid the groundwork for such an insidious anti-Salvadoran campaign of misinformation.

The Productive Alliance categorically states that the only means of solving the problem caused by the struggle of the leftwing (PDC-FDR) are free and honest elections. Because of this, our sector was the first to propose the course of elections and to ask for the opening of a process that will guarantee the people's sovereign will, so that they can decide through votes the form of government and the direction that our republic should take. (This was brought forth in our statement "The Return to Constitutionality as a Solution for Peace," published in the newspapers on 30 September 1980.)

In proposing and supporting this solution, the Productive Alliance has said that while the PDC is the only force in government, the essential guarantees for free elections will not exist for the political parties that struggle with unequal forces.

The Productive Alliance reiterates its demand for an urgent expansion of the representative base in the government, from the top to its various levels, so that other political organizations can act to guarantee, from within the government, that the Salvadoran people will not be defrauded in the elections.

GUATEMALA

NINE GUERRILLAS KILLED IN ARMY OPERATION

PA281926 Panama City ACAN in Spanish 2346 GMT 26 Oct 81

[Text] Guatemala City, 26 Oct (ACAN-EFE) -- Nine leftist guerrillas were killed today in the northern sector of Guatemala where the army is carrying out an offensive against insurgent groups. Infantry units with the support of tanks and helicopters are staging a widespread operation to break up guerrilla groups that operate in the mountains of the El Quiche, Huehuetenango and San Marcos Departments.

Col Jaime Rabanales, spokesman for the National Defense Ministry, reported that over the weekend military forces had two clashes with antigovernment forces near Aguacatan and Sumal in Huehuetenango Department, on the border with Mexico.

Reports from El Quiche Department indicate that a local leader of the clandestine Poor People's Guerrilla Army [EGP], identified as Gaspar Pable Rios, was shot in an armed clash.

Gen Benedicto Lucas, chief of the general staff, said that the antiguerrilla offensive "will continue as long as is necessary, until all guerrilla groups are eradicated.

General Lucas said that in Sololoa Department some 50 guerrillas of the clandestine Armed People's Revolutionary Organization [ORPA] had given themselves up to the government forces. General Lucas reiterated that the lives of all guerrillas who lay down their arms will be respected.

At the same time, the army has set up checkpoints along the Pan-American Highway to curb guerrilla movements. It was reported that insurgents who had commandered a bus in Sumpango, Sacatepequez clashed with soldiers traveling in a truck on the Pan-American Highway. The number of casualties has not yet been reported.

NICARAGUA

FOREIGN MINISTRY REJECTS HONDURAN PROTEST

PA290407 Managua Radio Sandino in Spanish 0300 GMT 29 Oct 81

[Communique issued by the Nicaraguan Foreign Ministry on 28 October -- read by announcer]

[Text] The Foreign Ministry of the Republic of Nicaragua hereby reports that at 2135 on 19 October 1981, it was reported that the Sandinist People's Army [EPS] border-guard post located 3 km northeast of Las Manos, some 250 meters inside Nicaraguan territory on the border with Honduras, a clash occurred with a group of unidentified individuals. After the clash, it was found that one of the dead was a Honduran soldier named Oscar Manuel Carias O. Apparently a sergeant, since the insignia corresponding to that rank in the armed forces of that fraternal country were found in one of his pockets. It was also found that the dead man carried a (FAP) machinegun, three magazines, a canteen, two magazine clips, one belt, one [word indistinct], a hat and personal objects, in addition to a piece of paper with military notes.

Once our high government authorities were informed, the EPS immediately contacted with the Honduran Army and initiated talks to clarify what had occurred and to solve the unfortunate event in the most fraternal way possible. Our military authorities agreed to the request that the body of the Honduran soldier be handed over. A commission was appointed.

For Nicaragua, it was presided over by Foreign Minister Miguel d'Escoto and Brigade Commander Hugo Torres Jimenez; for Honduras, it was presided over by Honduran Ambassador to Nicaragua Roberto Perdomo Paredes and Capt (Nicolas Sanchez Munoz). The meeting was held at the Nicaraguan border post of Las Manos, Nueva Segovia Department, on 21 October at 1000, in the presence of Ecuadorean Ambassador to Nicaragua Rosendo Mariduena. At the request of the Honduran delegation, it was decided that the body of soldier Oscar Manuel Carias o. and his belongings would be turned over to Honduras.

Likewise, at the explicit request of the Honduran Government, it was agreed that the incident would not be publicized, since the circumstances in which soldier Carias died could be manipulated by sectors interested in a deterioration of Nicaraguan-Honduran relations.

The Foreign Ministry stresses that both the Honduran ambassador in Nicaragua and the Honduran military authorities admitted that soldier Carias had been killed in Nicaraguan territory, which he entered without reason and in circumstances that have yet to be clarified.

It was also clarified that the EPS border-guard troops acted correctly, within the defense plan established for the nation's territory.

In view of what was agreed upon, it is deeply surprising that the Honduran Government has made this incident public, giving a version that does not accord with what really occurred. This forces the Nicaraguan Government to report that which really occurred on the night of 19 October. There is documentary and graphic evidence of the meeting in Las Manos, including the document on the handover of the body of soldier Carias, signed by the heads of the delegations of Hondruas and Nicaragua and by the Ecuadorean ambassador.

The Honduran Foreign Secretariat has sent a note to the Nicaraguan foreign secretary referring to this incident and pointing out others that also don't correspond to the truth of events and that had been duly clarified in telephone conversations between Brigade Commander Joaquin Cuadra Lacayo and Gen Mario Chinchilla, chiefs of the general staffs of the Nicaraguan and Honduran Armies.

On reporting these events, the Nicaraguan Government rejects the version given by the Honduran Foreign Secretariat, which shows a lack of coordination between the Honduran Army general staff and the secretariat. Our government is also concerned about the promotion of a fictitious climate of tension that could be used by reactionary sectors to hinder the upcoming Honduran electoral process.

[Signed] The Foreign Ministry of the Republic of Nicaragua

SERGIO RAMIREZ COMMENTS ON MEETING WITH COSEP

PA290439 Managua Radio Sandino in Spanish 0300 GMT 29 Oct 81

[Text] The revolutionary government has confirmed its position on the Higher Council of Private Enterprise (COSEP) letter and described it as an element of provacation and confrontation. Sergio Ramirez, member of the junta of the Government of National Reconstruction, reported today on a meeting held yesterday with COSEP members. The business group was composed of (Frederico Lange), Ernesto Palacios, (Rolando Calonje), Alejandro Bolanos, William Baez and Ernesto Salazar; while Ramirez represented the revolutionary government and the Sandinist front.

The government junta member said that the revolutionary government had reasserted its decision on the document signed by several COSEP members who are now under arrest. He said that the document was an element of confrontation and had the purpose of political provocation.

[Word indistinct] the letter published in LA PRENSA violated the provisions of the economic and social emergency law and it is because of this that its authors are being tried.

Nevertheless, despite the tension caused between the business sector and the government following the arrest of these leaders, Sergio Ramirez said that the meeting had created a positive attitude. He added that despite the fact that the business group presented arguments that were opposed to the revolutionary spirit, they maintained a calm and constructive attitude, in contrast with the line followed by other members of this business council.

He also said that the group came with an attitude of cooperation and with the intention of continuing the dialogue with the revolutionary government, especially in regard to production.

We hereby present excerpts of the statements given this afternoon by Sergio Ramirez while reporting on the meeting he held last night with a COSEP sector:

[Begin recording] Yesterday, representing the government junta and the Sandinist Front national leadership, I held a meeting with (Federico Lange), Ernesto Palacios, (Rolando Calonje), Alejandro Bolanos, William Baez and Ernesto Salazar; who came here as COSEP representatives to hold a meeting requested by them and granted by us.

During the meeting, the revolutionary government and the Sandinist Front, through me, maintained the firm attitude that the letter written by the COSEP leaders, which led to their imprisonment within the framework of the economic and social emergency law, is a note leading to confrontation, with the intent of a political provocation involving the revolutionary laws and the legal framework of the revolution. This document was issued even though these persons were aware that there is a social and economic emergency situation, which was fully explained to all national sectors prior to the drafting of the letter.

We also explained that the revolution has the firm intention of exerting its authority, that we will not take any step that will endanger this authority or discredit the power that the revolution feels it needs to confront the crucial economic and political times affecting the country. [end recording]

CENTRAL BANK, CORFIN HEADS ANALYZE ECONOMY

PA282315 Managua Radio Sandino in Spanish 1200 GMT 28 Oct 81

[Text] The genuinely patriotic workers and businessmen have responded impressively to the appeal to reactivate the country's economy. In our fatherland, this defines the positions held by the true revolutionaries, as opposed to those of the members of bourgeois reaction.

Those responsible for the national financial system -- Central Bank Minister President Alfredo Cesar and financial corporation, CORFIN, Director Fernando Guzman -- literally x-rayed our Nicaragua's economic situation yesterday afternoon.

Within its financial policy, the revolutionary government has decided not to let a single industry close in the face of the recession. The mixed economy here in Nicaragua is based on real figures and on official Central Bank statistics, rather than on fallacies like those spread by both the Higher Council of Private Enterprise, COSEP; and the Nicaraguan Development Institute, INDE, whose resistance is composed of a group of politicized businessmen playing along with international reaction.

Minister President Cesar Aguirre showed that 60 of each 100 cordobas in this country have been allocated to the private sector. This demonstrates the advances made by our economic reactivation.

According to CORFIN, represented by Companero Guzman, 2.79 billion cordobas from a total of about 8.60 billion have been allocated to the state's foreign trade sector, to attend to social needs such as staples. Attention for the Nicaraguan Basic Foods Enterprise, ENABAS, is also connected with this kind of activity. In this type of trade, the state obtains no revenues. The rest of the money loaned by the revolutionary government's financial system has been dedicated to the productive and commercial aspects of both the state and the private sectors.

These figures are important for comparison purposes. For instance, of 5.6 billion cordobas loaned out by the revolutionary state as of September 1981, 2.2 billion went to the state's productive sector. The remaining 3.4 billion went to the private sector. These statistics belie the extravagant statements made by the so-called COSEP-INDE private sector, which contrary to what the figures indicate, has charged that there is no mixed economy here. In all areas of the national economy, the private sector -- whether small, medium or big producers -- has been favored with 60 of each 100 cordobas that the financial system has distributed to the national productive sector.

The following is the minister president's statement on the matter:

[Begin Cesar recording] This amounts to about 40 percent. This much has been allocated to the financing of enterprises in the hands of the people's property area, APP. About 60 percent has been allocated to the financing of the productive private enterprises.

It is also important to look at the allocation of foreign exchange. The allocation of the country's foreign exchange has to do with the exclusive importation of certain articles, such as oil, by the state. It also concerns the importation of articles, raw materials, spare parts and consumer goods that both the private and state enterprises need to operate and the people need to consume.

As of 30 September 1981, the Central Bank granted a total of $631.4 million in foreign exchange. Of this amount, $142.5 million were allocated to the importation of oil and its derivatives. Another $167.8 million were allocated to the importation of the things needed by APP enterprises, and $321.1 million to imports by either private enterprises or individuals.

In general terms, these figures involve financial banking, even though they do not have to coincide exactly, since the foreign exchange represents the imported products that an enterprise needs to operate, while the banking financing refers to the enterprise's entire economic activity.

In this case, the private sector has received 76 percent of the foreign exchange allocated to Nicaragua's productive activity from January to September 1981, while it has received 70 percent of the credit.

In general terms, this summarizes the treatment that both private and state companies have been receiving as of 30 September this year, in terms of financing in cordobas and the allocation of foreign exchange. Of course, these figures simply reflect our country's financing policy.

As Companero Guzman has mentioned, and as is reflected in the operations of the Central Bank and the other banks in the system, what counts is the economic importance of the enterprise, the area in which it operates and the economic activity to which it is dedicated, not whether it is privately or state-owned. [end recording]